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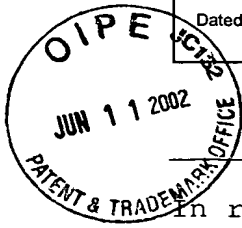
Dated: May 29, 2002

Signature:

(Marcus J. Millet)

Docket No.: CCCUSA 3.0-001  
(PATENT)

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:  
Bates et al.

Application No.: 09/179,332

Group Art Unit: 2756

Filed: October 27, 1998

Examiner: M. Geckil

For: MULTI-USER COMPUTER SYSTEM

Commissioner for Patents  
Washington, DC 20231

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Technology Center 2100

RESPONSE

Dear Sir:

The present communication is responsive to the Office Action mailed January 4, 2002. A petition for a two-month extension of the term for response to said Official Action, to and including June 4, 2002, is transmitted herewith.

Claims 1-29 were rejected under 35 U.S.C. § 102(b) as unpatentable based upon an alleged "on sale" of the invention as evidenced by information provided by Applicants in an Information Disclosure Statement, along with the declarations of Kevin Morrison and Philip Bates ("Morrison Declaration" and "Bates Declaration," respectively), submitted September 20, 2002. Reconsideration and withdrawal of this rejection are respectfully requested.

The allegation in the Official Action that "the affidavit of Phillip Bates indicated that the system specifications were complete prior to the critical date" (Official Action at 2) is respectfully traversed as contrary to the declaration itself. The Bates Declaration, at paragraph 5, indicates that the system features had been defined "as of October 26, 1997." That date is more than one year before filing of the present nonprovisional application, but is only

two days prior to filing of provisional application 60/063,695, the benefit of which is claimed in the present application. The "critical date" under § 102(b) is October 28, 1996, one year before filing of the provisional application. Only acts before that date can be considered; acts occurring on or after that date cannot constitute an offer for sale. The Bates Declaration does not state that the system specifications were complete prior to that date.

Moreover, even if it could be shown that the invention was "ready for patenting" at some time prior to the critical date, that alone would not satisfy the "ready for patenting" part of two-part test enunciated in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 48 U.S.P.Q.2d 1641, 1647 (1998). That part of the test requires that the invention be "'ready for patenting' at the time the supposed offer was made." *Group One Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1049 (Fed. Cir. 2001). Stated another way, for a sale to constitute a bar under § 102(b), the invention must be "ready for patenting at the time of sale." M.P.E.P. 2133.03(c). Thus, a commercial offer prior to the critical date made at a time before the invention is "ready for patenting" does not create an "on sale" bar, and activity which makes the invention ready for patenting subsequent to the time of the offer, but prior to the critical date, does not retroactively convert a non-barring event into a barring event. Further, the Federal Circuit has rejected the approach that one can look at the activities of the applicant or his assignee prior to the critical date in the aggregate. Instead, each act constituting an alleged sale or offer for sale must be analyzed, in light of the surrounding circumstances, to determine if that specific act constituted a barring event under § 102(b). *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040, 61 U.S.P.Q.2d 1225 (Fed. Cir. 2001).

The evidence of record demonstrates that the invention was not "ready for patenting" as of the time of any contendable "offer for sale." The "ready for patenting" test requires, as a minimum, that the inventor "had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person of ordinary skill in the art to practice the invention." *Pfaff*, 525 U.S. at 119 S. Ct. 304, 142 L.Ed.2d 261, 48 U.S.P.Q.2d 1641, 1647 (1998). This requires, at a minimum, an enabling disclosure equal to that required under 35 U.S.C. § 112. In *Pfaff*, that test was satisfied where the inventor, as of the time of an offer for sale, had prepared actual production drawings. *Id.*, 48 U.S.P.Q.2d at 1645.

The only specific act mentioned in the Official Action as demonstrating the existence of an "offer" is the sending of the "invoice" dated October 14, 1996. (Morrison Decl. Exh. 4.) The evidence of record shows that as of that date, what the inventor had could best be characterized as fragments which lead away from the invention as ultimately developed, as set forth in the present specification, and as claimed, and that these fragments do not define the system as later actually constructed. The proposal of September 24, 1996 (Morrison Decl. Exh. 1), contemplated a system in which selection of computers ("servers") for connection to a user location would be controlled at least in part by a "full NT PC on the desk" using a "management platform" that "resides on the PC," i.e., on a desktop computer at the user location." (Morrison Decl. Exh. 1 ¶ 5.3.) In such a system, the computer referred to as a "helper computer" was contemplated as operating only when a user initially logs on, in order to run a "authentication package" which "collect[s] details of the user and security," and, in response, instructs the "C-C-C server" or switch control computer to actuate the switch. (Morrison Decl. Exh. 1 ¶ 2.9.) Moreover, the switch control computer or "C-C-C server" was

contemplated as receiving a full copy of all keystrokes sent through the system from all user locations, and as somehow detecting any keystroke sent from a previously inactive user location and initiating connection to the "helper computer" in response to that detection. (Morrison Decl. Exh. 1 ¶¶ 4.2.7, 4.2.8.) That system is fundamentally different from the preferred embodiment described in the present specification and as claimed. For example, it does not include the concept of "detecting one or more predetermined helper codes" in "input signals" received from the user locations and passing those detected "helper codes" to the supervisory computer, as recited in claim 1 or the "code recognition devices" referred to in claim 8. Whether the system as contemplated in the proposal (Morrison Decl. Exh. 1) could ever be made to operate satisfactorily in its intended environment is speculative at best. There is certainly no reason to believe that the proposal would have enabled a person of ordinary skill in the art to do so.

The Bates Declaration Exhibits of later date do not match either the system of Morrison Declaration Exhibit 1 or the system as built and as claimed. In Bates Declaration Exhibits 1 and 2, unlike Morrison Declaration Exhibit 1, the "helper computer" functionality includes selection of "servers" by the user (Bates Decl. Exh. 1 at 1, ¶ (v); Bates Decl. Exh. 2, ¶¶ 2.3(IV), (V)), but this functionality is provided only for those users who do not have a PC at their desk. Where the user has a PC at his or her desk, the users PC "is effectively his helper PC" and runs the same program as the helper PC. (Bates Decl. Exh. 1 at 2, ¶ (4); Bates Decl. Exh. 2, ¶¶ 2.2, 2.3.) However, like Morrison Declaration Exhibit 1, Bates Declaration Exhibit 1 contemplates having the "helper PC" active only at login, and requires that all of the keystrokes entered by each user pass to the "C-C-C server" via a "keyboard mouse mux."

(See diagrams numbered (1) through (6) on the last 3 pages of Bates Decl. Exh. 1.) Here again, the concepts of detecting helper codes and passing the detected helper codes to the switch server (claim 1), and the code recognition devices (claim 8) are absent. Here again, there is no reason to believe that such a system could be made to work for its intended purpose, and no reason to regard the sparse disclosure of these documents as enabling, the minimum required to meet the *Pfaff* test.

Because the Official Action advances an obviousness rejection under § 103 based, apparently, on Bates Declaration Exhibit 1, it should be noted that enablement and obviousness are entirely different concepts. The quantum of disclosure required to anticipate an invention under § 102 is less than that required to enable the invention under § 112, first paragraph. *Chester v. Miller*, 906 F.2d 1574, 1577 (Fed. Cir. 1990). The allegation in the Official Action that Bates Declaration Exhibit 1 renders the claimed invention obvious under § 103 amounts to a concession that this document does not even meet the standard under § 102, and consequently could not meet the higher standard of enablement under § 112. To demonstrate that the invention was "ready for patenting" under *Pfaff*, Bates Declaration Exhibit 1 would have to meet the higher enablement standard under § 112. Further, as discussed below, the allegation that this reference meets even the § 103 standard is respectfully traversed. In short, the record does not show that the invention was "ready for patenting" at the time of the alleged offer for sale.

Further, there was no "offer for sale" as also required under *Pfaff*. Rather than demonstrating the existence of an offer for sale, the invoice of October 14 (Morrison Decl. Exh. 4), by its express language, demonstrates that no offer had been made as of October 14, 1996, and indeed that no offer was made before October 28, 1996.

As held by the Federal Circuit in *Group One*, activity which does not rise to the level of a formal offer "under the law of contracts as generally understood" will not qualify as a commercial offer for the purposes of § 102. 254 F.3d at 1047, 59 U.S.P.Q.2d at 1126. While the Uniform Commercial Code ("UCC") should "inform the analysis of the contractual issues," the UCC does not have the force of law. Rather, in establishing the "federal common law of contract that now governs the on-sale bar," the federal courts look to the case law from state and federal courts interpreting the various state statutes adopting versions of the UCC, which cases constitute the "body of state law" on contractual issues. *Linear Tech.*, 275 F.3d at 1048; *Creo Prods., Inc. v. Dresstek, Inc.*, 166 F. Supp. 2d 944, 969 n.38 (D. Del. 2001). The Restatement of Contracts is also a source of law which has been cited with approval by the Supreme Court in the "commercial contract law context." *Group One*, 254 F.3d at 1048.

The case law is essential because the UCC does not answer every question relating to contracts for the sale of goods. "[A]s the code itself notes, common law principles of law and equity continue to supplement its provisions." *Crest Ridge Constr. Corp, Inc. v. Newcourt*, 78 F.3d 146, 152 (5th Cir. 1996). In particular the UCC does not answer the question of what constitutes an offer, and accordingly resort to the common law is necessary. *Nordyne, Inc. v. Int'l Controls & Meds. Corp.*, 262 F.3d 843 (8th Cir. 2001); *Rich Products v. Kemutec, Inc.*, 66 F. Supp. 2d 937 (E.D. Wis. 1999).

Under the common law, "an offer is the manifestation of a willingness to enter into a bargain, so made as to justify another person in understanding that his assent to the bargain is invited and will conclude it." Restatement (Second) of Contracts § 24 (1979); *Nordyne*, 262 F.3d at 846; *Rich Prods.*, 66 F. Supp. at 956. The test for an offer is whether it induces a

reasonable belief in the recipient that he can, by accepting, bind the sender. *Architectural Metal Inc. v. Consol., Inc.*, 58 F.3d 1227, 1229 (7th Cir. 1995) (citing Restatement (Second) § 24 (1981)). Stated another way, a manifestation of willingness to enter into a bargain "is not an offer if the person to whom it is addressed knows or has reason to know" that the person sending the manifestation "does not intend to conclude a bargain until he [the sender] has made a further manifestation of assent." Restatement (Second) § 26 (1981). "It is hornbook law that a proposal constitutes an offer only the assent of the other party to the bargain is all that is needed to consummate the contract." *Gulf States Util. v. NEI Peebles Elec. Prods.* 819 F. Supp. 538, 550 (M.D. La. 1993). Accordingly, "[a] person can prevent his submission from being treated as an offer by suitable language conditioning the formation of a contract on some further step." *Architectural Metal*, 58 F.3d at 1230. Qualifying language converts what could have been an offer into a proposal or preliminary negotiation. *Crest Ridge*, 78 F.3d at 152 (concurring opinion); *Gulf States*, 819 F. Supp. at 549.

Here, the invoice relied upon in the Official Action refers to a deposit due "upon presentation of project schedule, agreed system specifications and agreed payout milestones document, currently scheduled for October 28, 1996." By the express language of the document, further agreement of the parties is required as to the system specification and payout. The Official Action misinterprets this document as somehow stating an obligation of CCC to provide "listed items" by October 28 and an obligation of Customer Corp. to pay upon such presentation. This ignores the word "agreed" in the document. CCC could not provide "agreed" specifications and payout milestones, or a project schedule, unless and until CCC showed these documents to Customer Corp. and Customer Corp. assented to the same. Thus, the invoice demonstrates that before the

parties could be bound, CCC would have to further manifest what it was willing to do as part of the bargain, by presenting a project schedule, system specifications and payout milestones, and Customer Corp. would have to accept that further manifestation. Both the invoice and the Morrison Declaration (¶¶ 6-7) confirm that such further manifestations by CCC did not occur before October 28, 1996. Where, as here, the documents in existence prior to the critical date show that there is no intention by CCC to be bound unless and until the parties reach agreement on additional terms, those documents do not constitute an "offer."

Moreover, for a contract to be formed and bind a party, the essential elements of a contract must be agreed upon, and must be reasonably certain. "There is no enforceable agreement where there is a failure to agree on a material term which indicates a lack of intent to be bound." *Cyberchron Corp. v. Calladata Sys. Dev., Inc.*, 831 F. Supp. 94, 108 (E.D.N.Y. 1993). For that reason, a manifestation of willingness to enter into a bargain which omits materials terms cannot constitute an offer. If the other party simply "accepts" such a manifestation, no contract can be formed. For precisely that reason, "[t]he fact that one or more terms of a proposed bargain are left open or uncertain may show that a manifestation of intention is not intended to be understood as an offer or acceptance." Restatement (Second) § 33(3) (1981).

The Official Action states that "[t]he UCC is designed to deal with the real world of contract information. That is, a contract may be formed despite the absence of key terms. The UCC provides guidance as to how the unspecified terms will be ascertained." The oft-cited explanation of the effect of the UCC with respect to settled common law rules can be found in *Kleinschmidt Div. of SCM Corp. v. Futuronics Corp.*, 41 N.Y.2d



972, 973, 395 N.Y.S.2d 151, 152, 363 N.E.2d 701 (1977) as follows:

The basic philosophy of the sales article of the Uniform Commercial Code is simple. Practical business people cannot be expected to govern their actions with reference to nice legal formalism. Thus, when there is basic agreement, however manifested and whether or not the precise moment of agreement may be determined. Failure to articulate that agreement in the precise language of a lawyer, with every difficulty and contingency considered and resolved, will not prevent formation of a contract . . . . But, of equal importance, if there be no basic agreement, the law will not imply one.

*Cyberchron*, 831 F. Supp at 109. (citing *Kleinschmidt*); *Flanajan v. Consol. Nutrition, L.C.*, 627 N.W.2d 573 (Iowa 2001); *Flowers Baking Co. of Lynchburg, Inc. v. R-P Packaging, Inc.*, 229 Va. 370, 329 S.E.2d 462 (Va. 1985) <sup>1</sup>

In short, the common law is common sense. No issue is taken with the allegation in the Official Action (p. 3) that it is the express words of the parties, and not their subjective mental intent, which control. The issue is what a reasonable person in the computer industry at the relevant times would have understood from CCC's express words. The proposal of September 24, 1996 (Morrison Decl. Exh. 1), whether taken alone or with the later quotation (Morrison Decl. Exh. 2) and invoice (Morrison Decl. Exh. 4), was clearly lacking terms which a reasonable person in the industry would have required in a contract of this nature. The Official Action (at 3) criticizes

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<sup>1</sup> The Official Action also states that Applicants' reference to "meeting of the minds" is an outdated 17th century concept, which has been rejected by both the modern common law and the UCC. However, the requirement that there must be a meeting of the minds is quite alive in the modern contract law. *Nat'l Envtl' Serv. v. Ronan Engrs. Co.*, 256 F.3d, 955, 1002 (10th Cir. 2001) ("The law does not recognize a contract unless both parties showed a "meeting of the minds" in their intent to form one."); *Novell Oil Co. v. Mathy Constr. Co.*, 433 N.W.2d, 628-630, 632 (Wis. 1988); *Drug Line, Inc. v. Sero-Immune Diagnostics, Inc.*, 458 S.E.2d, 170, 171 (Ga. 1995) ("We do not read this provision to obliterate the common law rule that the first requirement of law

the Morrison Declaration as "self-serving" and therefore having "little probative value." However, the Morrison Declaration offers a sworn averment of fact as to what is "essential to an understanding between the parties" in the context of a large-scale computer system development project, including the development schedule and payment schedule. That averment has nothing to do with CCC's subjective intent, or with Mr. Morrison's opinion. There is no reason to doubt the truth of that averment. Does the Examiner really contend that a reasonable computer industry executive in 1996 would irrevocably bind his company to pay for a systems development program involving millions of dollars to develop a system which did not then exist, without a clear understanding as to what would be developed, when intermediate milestones in development would be reached, or, most significantly, when payment would be due? If not, how could an executive of Customer Corp. reasonably regard CCC's communications prior to October 28, 1996, which do not firmly specify these elements, as anything more than an invitation to further negotiations.<sup>2</sup>

For all of these reasons, the allegation in the Official Action that the "invoice and submitted information" establish a "on sale" bar should be withdrawn. Additionally, the § 102 rejection should be withdrawn because there is not even a contention in the Official Action that what was allegedly "on sale", and hence allegedly available as a reference, would meet each and every recitation of any claim as required for rejection under § 102.

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of a valid contract is that there be a *meeting of the minds* of the parties . . .").

<sup>2</sup> Out of an abundance of caution, the Examiner's attention is respectfully directed to ¶ 3 in Morrison Declaration Exhibit 1, which refers to an installation date of "week four '97." This does not amount to a commitment by CCC to meet such date, or provide a project development schedule in any detail.

The rejection under § 103 on "exhibit 1" is apparently based on Bates Declaration Exhibit 1. It is understood that this rejection is based on a contention that Bates Declaration Exhibit 1 constitutes "prior art" under § 103 by virtue of the "on sale" discussed above. Therefore, this rejection should be withdrawn for the same reasons as discussed above. Moreover, even if Bates Declaration Exhibit 1 were available as prior art, this rejection would be unsustainable. The § 103 rejection is based on the premise (Official Action at 4) that "according to the faxed information" (Bates Dec. Exh. 1) helper codes are "no more than a request for connection to a specific server." It is respectfully submitted that this allegation is incorrect. Bates Declaration Exhibit 1 does not refer to "helper codes" as contemplated in the claimed invention. In the system contemplated by Bates Declaration Exhibit 1, where the user does not have a PC at his location, a request for connection to a specific server is passed to a helper computer after the user is already connected to the helper computer. However, as referred to in claims 1 and 8, helper codes are codes sent by the user while the user is not connected to a helper computer. Those helper codes are special keystroke sequences which can be detected, segregated from other keystrokes, and passed to the switch server, which in turn operates to connect the user to the helper computer. The use of such special helper codes allows the connection to the helper computer to be initiated at any time, whether or not the user is currently connected through the switch to another computer or "server." By contrast, in the system of Bates Declaration Exhibit 1, any keystroke sent by an inactive user causes connection to the helper PC. This limits the use of the helper computer to initial logon. The concept of "helper codes" in the claimed invention is different in kind from the concept of connecting in response to any keystroke in Bates Declaration Exhibit 1. Likewise, the concept of detecting

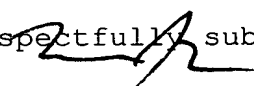
helper codes and forwarding the detected helper codes to the switch server, as in the invention of claims 1 and 8, is entirely absent from Bates Declaration Exhibit 1; again, the system of Bates Declaration Exhibit 1 forwards all keystrokes indiscriminately to the switch server-another difference in kind, and not in degree. For all of these reasons, Bates Declaration Exhibit 1 would not suggest the invention of claims 1 and 8 even if it were available as prior art under § 103.

Additionally, the Official Action does not even point to anything in Bates Declaration Exhibit 1 as meeting or suggesting the features of independent claims 21 and 29. As a matter of law, the rejection must be withdrawn as to these claims and the claims dependent thereon.

For the reasons set forth above, reconsideration and favorable action are respectfully requested. If, however, for any reason the Examiner does not believe that such action can be taken at this time, it is respectfully requested that he contact Applicants' attorney at the (908) 654-5000 in order to overcome any additional objections which he may have. If any fee is due in connection with this Amendment, the Examiner authorized to charge our Deposit Account No. 12-1095 therefor.

If there are any additional charges in connection with this requested amendment, the Examiner is authorized to charge Deposit Account No. 12-1095 therefor.

Dated: May 29, 2002

Respectfully submitted,  
By 

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